

## **EXHIBIT E**



E.N. MANOS (CYPRUS) LTD  
SURVEYORS LOSS ADJUSTERS

**INTERIM REPORT No. 11358**

**1. GENERAL**

**INSURANCE COMPANY:** LAIKI INSURANCE COMPANY

**INSURED:** MARFIN POPULAR BANK PUBLIC CO

**INSURANCE POLICY:** 2122-3100699

**SUMS INSURED:** Contents 750.000 CYP

**PERIOD OF INSURANCE:** From December 31<sup>st</sup> 2008 to December 31<sup>st</sup> 2009

**SITUATION OF LOSS:** Latsia industrial area

**OCCURRENCE:** Fire

**DATE OF LOSS:** January 21<sup>st</sup> 2009

**DATE OF ORDER:** January 21<sup>st</sup> 2009

**DATE OF 1<sup>ST</sup> VISIT:** January 21<sup>st</sup> 2009



## **2. INTRODUCTION**

The purpose of this document is to provide the Insurer's with a description of the Insured premises, an analysis regarding the circumstances and cause of the loss and an update regards to the adjustment of the loss.

## **3. DESCRIPTION OF PREMISES**

Marfin Popular Bank rents from Pheonix Investments Ltd, since about 1997, a warehouse in Latsia Industrial area.

The construction of the building divides its total area into 8 different sections. Of the total of the 8 sections the two first are joined into one storage area, whereas the 3<sup>rd</sup>, 4<sup>th</sup> and 5<sup>th</sup> section are joined into a second storage area. The rest of the sections, 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> are used as separate storage areas. In total, the warehouse is divided into 5 different storage areas. The connected sections do not have any separating walls within them apart from a small partition for office area and toilets. The total area of the building is 3.419 m<sup>2</sup>. A layout of the storage areas is presented in Fig. 1. The building has metal frame and roof covered with insulated metal corrugated sheets. The walls are made of cement blocks. The middle section of the warehouse (3,4 and 5) is covered by an automatic fire extinguishing system which operates in a gas (aerosol) form. The warehouses are used for the storage of stationary, archive and furniture. Metal shelves are used for storage of the paper made materials. In section 3,4 & 5 there is an installation of metal shelves where the stored carton boxes are placed. The handling of the boxes is achieved with the use of an electric fork lift. The maximum storage height is 4.15 m. An automatic fire extinguishing system covers this storage area. The system's control panel was installed on the external side of the office section's walls in the internal are of section 3,4 & 5.

Section 8	Section 7	Section 6	Section 3,4 & 5	Section 1 & 2
Storage of paper in carton boxes Area 400m <sup>2</sup>	Multipurpose storage area Area 403m <sup>2</sup>	Storage of paper in carton boxes Area 403m <sup>2</sup>	Storage of paper in carton boxes Area 1270 m <sup>2</sup> (Section destroyed by fire)	Storage of stationary Area 943m <sup>2</sup>

**Figure 1 – Layout of storage areas.**



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The automatic fire extinguishing system was installed by the company "FirePro Cyprus Ltd". The same company is responsible for the maintenance of the system. Last maintenance took place on the 19<sup>th</sup> of September 2008.

This is an aerosol system. An electric cord (activation voltage 24V DC) is used for the activation of the extinguishing agent. The heat produced by the electrical cord initiates a chemical reaction within the aerosol generator that effectively releases the aerosol to the room protected. The temperature produced during this reaction reaches approximately 400 Celsius. There is no water used.

The system is a "total flooding" system, i.e. in order to be effective all the aerosol generators installed in the room must operate assuming that all doors and windows are closed.

For the purposes of the fire extinguishing system the area is divided into four connected to a central fire alarm/extinguishing panel (Matrix 2000). The system has both smoke detection and heat detection systems connected to the control panel. The panel gives the instructions for the system's activation i.e. electronic signal for the activation of the electrical cord. In case of activation also a sound alarm operates. In case of activation, the Police and a private security company is being automatically alerted via a telephone line.

The company that installed the system has provided their clients with a list of operating procedures. Additionally instructions were given in writing for the minimum storage distance between the system's aerosol generators and the items stored on the metal shelves.

The minimum safety storage distance according to the system's operation manual is 3m.

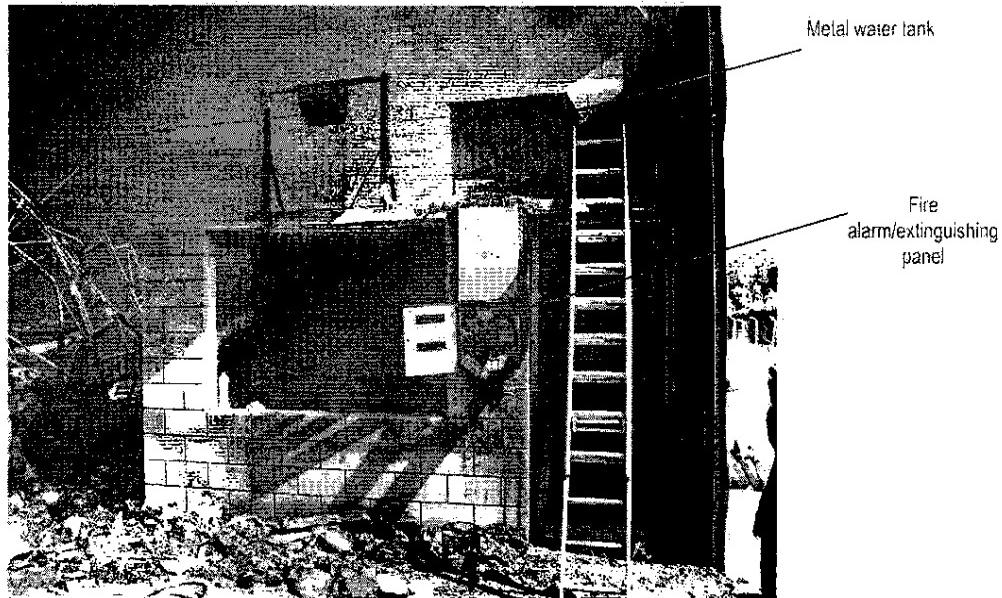
#### **4. CIRCUMSTANCES OF THE LOSS**

On the 21<sup>st</sup> of January 2009, at about 10:00 am, Mr Drakos, the director of Phoenix Investments Ltd, went with two of his employees to the Insured premises in order to conduct programmed maintenance works in section 3,4 & 5 (Storage area no. 2). These works included the replacement of a metal water tank with a plastic tank and were executed by staff of Phoenix Investments Ltd. The metal tank was installed on top of the office area inside the warehouse (Fig 2). Early in the afternoon, at about 15:00 and while the maintenance works were still in



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process, the automatic fire extinguishing system was activated. The MARFIN POPULAR BANK's employees immediately notified their safety division. The Fire Brigade and the Police were notified immediately by the safety division and after a few minutes they were on site.



**Figure 2 – Photo showing the office partition in the warehouse and the position of the metal tank and the fire panel.**

By that moment, there was no visible fire or fire flames. The Fire Brigade, with the use of thermal cameras identified a point of fire inside the warehouse. Soon after, fire was noticed in this warehouse which developed rapidly. The Fire Brigade did not manage to put the fire out until the next day. Nevertheless, the fire was contained in the warehouse section in which it developed (section 3,4, 5), burning down all of its contents.

On the same afternoon the fire broke out, we were instructed by the Insurers to visit the site. The fire extinguishing efforts were in process (see Fig 3).



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Figure 3 – Photo taken on the day of the loss

On the following morning, we visited again the site. The Fire was under control but not completely extinguished. The picture below (Fig. 4) presents the status of the fire in the damaged warehouse on the morning of January 22<sup>nd</sup> 2009.

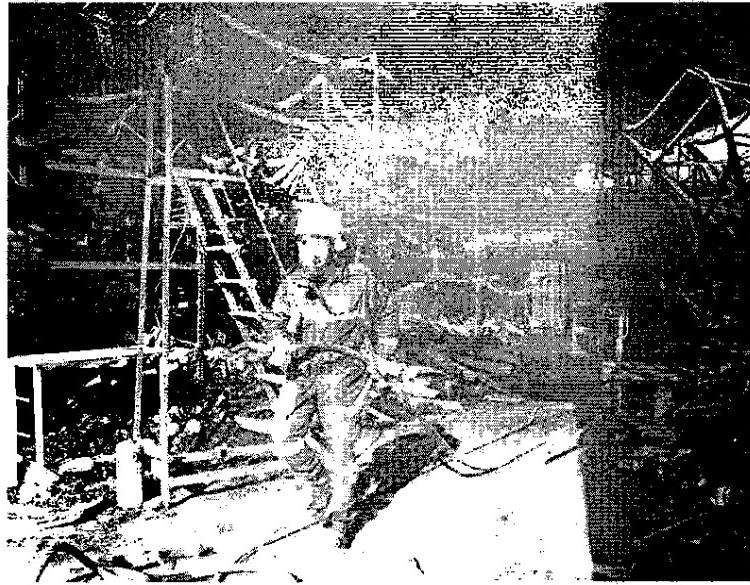


Figure 4 – Photo taken in the morning of January 22<sup>nd</sup> 2009 (following day of the loss)

Initially the entrance at the premises was not allowed to us by the police. After we conducted a written risk assessment analyzing the procedure we would follow during our investigations, the



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local authorities allowed us to enter the premises on the 23<sup>rd</sup> of February 2009. On site, our forensic engineers and fire experts proceeded with investigation of the cause of the loss, the extent of the loss and detailed recording of the damages caused to the building.

### **5. CAUSE OF THE LOSS**

In order to investigate the cause of the loss we used the following process:

- We interviewed the warehouse employees and the MARFIN LAIKI BANK's safety officers
- We interviewed the Mr. Drakos and his employees involved in the maintenance process
- We Interviewed the Police and Fire Brigade's officers involved in the fire suppression process
- We interviewed the manager and the technical manager of the company that installed the automatic fire extinguishing system
- We have investigated in detail the operation of the automatic fire extinguishing system
- We examined in detail the site of the fire, the processes involved in the warehouse and the safety procedures available

The results of our investigation are the following:

Whilst the replacement of the water tank was taking place, water from the metal tank (the one intended to be replaced) escaped. The quantity of the water escaped was not more than a few litters. The water that escaped came into contact with the control panel of the fire extinguishing system. This resulted in the activation of the fire extinguishing system due to short-circuit. The activation of the automatic fire extinguishing system resulted in the flooding of the storage area's atmosphere with particles of the fire extinguishing agent (aerosol). This limited significantly the visibility in the warehouse.

The picture below (Fig. 5) shows a similar type of aerosol generator (fire extinguishing unit) installed in a different location after activation. It is clear that the activation process produces heat. The temperature reached within the generator is >400 °C therefore exceeding paper's auto ignition temperature.

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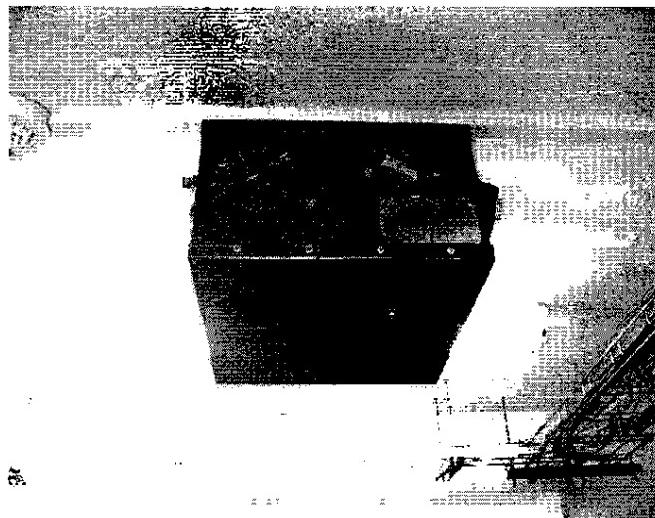


Figure 5 – FirePro aerosol generator.

The measurements we took on site (Fig. 6), of the highest point of the shelves, the size of the carton boxes and the distance from top of the box to the outlet of the aerosol generator, has shown that the safety distance was not achieved. The distance between the carton boxes and the aerosol generator was below 50 cm.

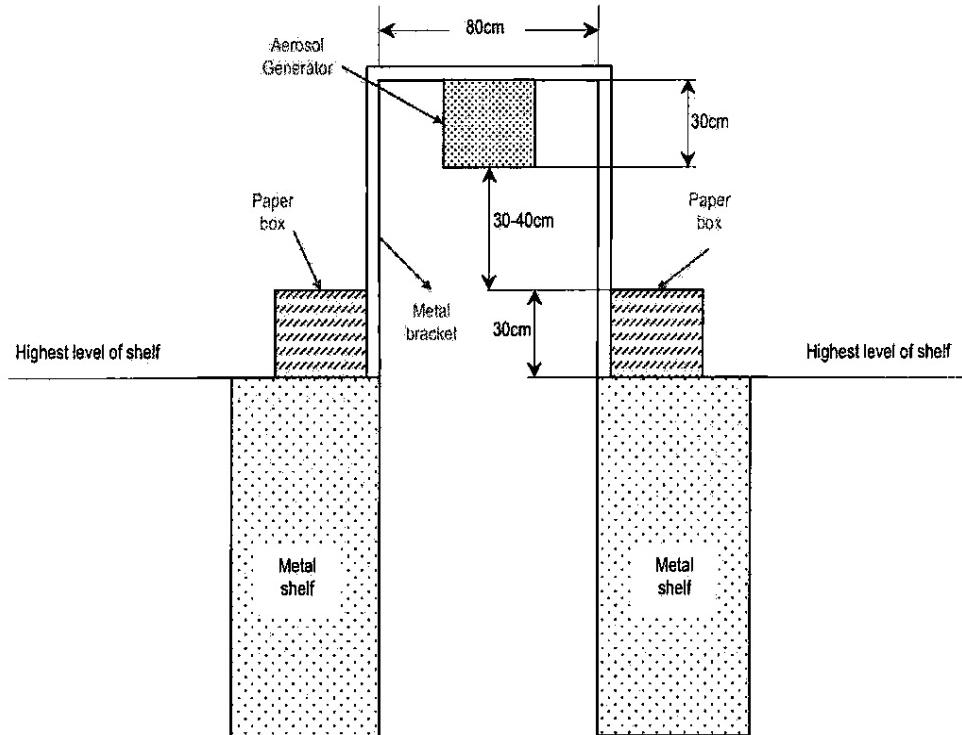


Figure 6 – Arrangement of aerosol generator relative to the shelves and paper boxes.



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The figure below shows the actual picture of the aerosol generator relative to the metal shelves in the warehouse.

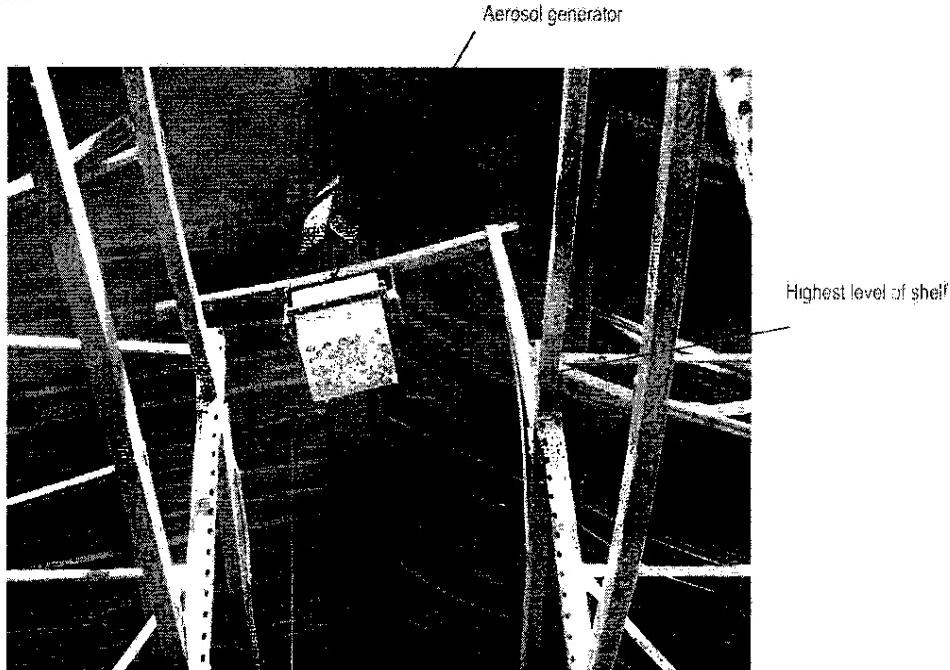


Figure 7 – Photo taken in the warehouse showing the position of the aerosol generator.

Therefore, it is estimated that the activation of the system resulted in the production of heat. The safety distance of the stored boxes was not kept and therefore combustion of the carton box and its contents occurred. The system had already been activated with the doors having been open and the fire having followed the activation of the system. This resulted in the inadequacy of the fire extinguishing system to suppress the fire. Additionally, since the atmosphere was flooded with the fire suppressing agent, visibility was so limited, that the Fire Brigade could not identify immediately that there was a fire and subsequently its origin. The fire was only identified with the use of a thermal camera.

The time interval passed between the time of the fire ignition and the time it was identified was such that the fire had already grown. The windows near the fire had broken because of the heat produced and a fuel rich environment with high temperatures and excess oxygen was created. This resulted to a high combustion rate and high temperatures. The Fire Brigade could not suppress the fire at its initiation resulting to the total destruction of the warehouse.



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## **6. EXTENT OF THE LOSS**

The heat produced resulted to the deforming of the metal structure, the destruction of the concrete floor and walls made of cement blocks, the electrical installation and the contents of the section of the building the fire developed in.

The neighbouring sections suffered damages at their ceiling and roof and part of their metal structure.

## **7. CLAIM**

The Insured presented us with their claim which is analyzed as follows:

Description	Claim
Desk Workstation	600
Staff chairs	490
Visitor chairs	319
Cupboards	255
Shelves	184.364
Air Conditioning	750
Photocopiers	9.000
Electric Lifts	4.000
Refrigerators	200
42.000 Carton Boxes	31.395
Auto Fire Extinguishing System (Store 3)	42.205
Auto Fire Extinguishing System (Store 2)	232.333
Intruder Alarm System	2.811
CCTV	17.871
Portable Fire Extinguishers	519
<b>Totals</b>	<b>527.112 €</b>

Security	5.613
Police guarding	5.245
<b>Totals</b>	<b>10.858 €</b>
<b>Grant Total</b>	<b>537.970 €</b>

The claim reaches the amount of 537.910€.



The claim is under investigation. The information that the Insured provided us with is under process. We will soon be able to provide the Insurers with further information regarding our loss estimate.

Nicosia July 28<sup>th</sup> 2009

For E.N. MANOS (CYPRUS) LTD

Ioannis S. Theodosiou